

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 28, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 28, 2006, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Johnson, Mounce, and Mayor Hitchcock

Absent: Council Members – *Hansen

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

**NOTE: Council Member Hansen was absent due to his attendance at the American Public Power Association Legislative Rally in Washington, D.C.*

B. TOPIC(S)

B-1 "Set-aside of Community Development Block Grant funds for an Economic Development Program"

Joseph Wood, Community Improvement Manager, noted that the March 1 City Council agenda will include a request for \$150,000 set-aside of Community Development Block Grant (CDBG) funds for an economic development program.

Carleen Bedwell, Managing Principal of *Applied Development Economics*, stated that her firm assists cities and counties with economic development. She reported that, by state law, 30% of small communities' CDBG money goes into economic development. Currently, there are 180 small cities and some counties that are in the state program. Lodi has an economic development strategy that focuses on retail and industrial development. She stated that Lodi also has the opportunity to use CDBG money to assist in job growth. CDBG money must be used to meet national objectives of benefiting low- and moderate-income persons, meeting an urgent need that is a health and safety issue, and to addressing slums and blight. Ms. Bedwell explained that the public benefit in economic development programs is job creation for low- and moderate-income persons, with one job created per \$35,000 in CDBG funds. The money is used to leverage private investment. It is an incentive to generate business growth. Ms. Bedwell stated that the best use of the money would be in a loan to businesses. The state requires that the job creation occur within two years; however, the county is more flexible. The county is strongly encouraging and cooperative about the City of Lodi initiating the economic development component of CDBG because it wants to use it as a model for other communities within the county.

City Manager King commented that this program would not only leverage private investment, but on the repayment side, it could capitalize a revolving loan fund. He reported that several heavy manufacturing businesses in Lodi have expressed an interest in purchasing equipment if an affordable interest rate loan were available. Businesses that have expressed an interest in a CDBG economic development program include Holtz Rubber, Cottage Bakery, and Hampton Inn.

Community Development Director Hatch explained that many small jurisdictions have joined the county in a consortium and are bound by federal regulations for the program. The county provides oversight and administration. At set points in time, cities have an opportunity to leave the consortium and administer the program on their own behalf. Lodi has two more years on its contract with the county to administer the CDBG program.

Ms. Bedwell stated that federal regulations allow for business assistance loans, money for public infrastructure that is associated with a business project, and micro enterprise programs for businesses that have five or fewer employees (at least one of which is an owner). In addition, economic development services can be paid for in relation to a particular business project such as assistance with training. Ms. Bedwell stated that details of the program would be brought back to Council for its consideration and approval.

In reply to Mayor Pro Tempore Johnson, Ms. Bedwell stated that the City would be protected in the case of default by having sufficient collateral built into the loan. The federal government requires an underwriting analysis, the details of which will be contained in the guidelines that will be brought forward to Council. She noted that the underwriting analysis could be done by a consultant, city staff, or the county. A loan committee would make a recommendation to the representative of the City responsible for approving loans.

Discussion ensued regarding administration fees. City Manager King reported that the county takes over \$200,000 from the CDBG program for administrative fees. Mr. Wood added that the City is allocated a separate amount for its administration of the program.

In response to Council Member Mounce, Mr. King confirmed that eminent domain is not allowable under the program.

PUBLIC COMMENTS:

- Myrna Wetzel asked for clarification on the allocation of funding and whether it stays within the City limits.

Ms. Bedwell replied that, normally, the funds go to businesses inside the City limits.

Mr. Wood explained that the federal allocation distributed to the county is done through a formula based on population and the percentage of low to moderate income within the population.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:18 a.m.

ATTEST:

Susan J. Blackston
City Clerk